

and Welfare appointments. Referred to the Committee on Labor and Public Welfare.

A resolution adopted by the Council of the City and County of Honolulu, Hawaii, relating to the activities of the Environmental Protection Agency. Referred to the Committee on Public Works.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ERVIN, from the Committee on Government Operations, with amendments:

S. 373. A bill to insure the separation of Federal powers and to protect the legislative function by requiring the President to notify the Congress whenever he impounds funds, or authorizes the impounding of funds, and to provide a procedure under which the Senate and House of Representatives may approve the President's action or require the President to cease such action (Rept. No. 93-121), together with minority and supplemental views; and

S. 755. A bill to provide four-year terms for the heads of the executive departments (Rept. No. 93-122).

By Mr. PASTORE, from the Committee on Commerce, with amendments:

S. 1090. A bill to amend the Communications Act of 1934 with respect to recess appointments to the Board of Directors authorizations for such Corporation and for certain construction grants for noncommercial educational television and radio broadcasting facilities (Rept. No. 93-123), together with individual views.

By Mr. JOHNSTON, from the Committee on Banking, Housing and Urban Affairs:

S.J. Res. 93. An original joint resolution to provide a temporary extension of the authorization for the President's National Commission on Productivity (Rept. No. 93-124).

REPORT ENTITLED "THE FEDERAL PAPERWORK BURDEN"—REPORT OF A COMMITTEE (S. REPT. NO. 93-125)

Mr. MCINTYRE. Mr. President, I submit on behalf of the chairman of the Select Committee on Small Business, Mr. BIBLE, a report entitled "The Federal Paperwork Burden—The Effect on Small Business." I ask unanimous consent that the report be printed together with individual statements of the Senator from Georgia (Mr. NUNN), the Senator from South Dakota (Mr. ABOUREZK), the Senator from Colorado (Mr. HASKELL), the Senator from Maryland (Mr. BEALL), and the Senator from New York (Mr. BUCKLEY).

The PRESIDING OFFICER. The report will be received and printed.

Mr. MCINTYRE. Mr. President, this report is based on a series of hearings held last year by the Senate Small Business Committee's Subcommittee on Government Regulation, which I serve as chairman. This report documents one of the most serious problems affecting some 8½ to 12 million small businessmen in America—the federally imposed paperwork and redtape burden. This report is the culmination of a long overdue examination by a congressional committee of a problem which threatens to destroy the economic ability of the small businessman to compete in the marketplace.

During this particular time of year—namely income tax time—I am sure all Americans are vividly aware of the trials and tribulations associated with

complying with mandatory Federal reporting. If one thinks that the IRS Form 1040 which most citizens must file only annually is complicated, confusing, and burdensome, then try to imagine the problems a small independent businessman faces in filing approximately 64 different forms with the Internal Revenue Service, each equally as complex as the 1040 and due much more frequently than just once a year.

Coupled with these 64-tax forms, the Federal establishment requires the small businessman to file hundreds more forms, reports, questionnaires, samplings, and other such types of paperwork. These include the census of business forms, social security forms, equal opportunity forms, unemployment compensation forms, pension forms, et cetera, and ad infinitum. In fact, there are over 5,298 different types of public use forms excluding those of the IRS.

The number and complexity of these Federally imposed reporting and paperwork requirements are growing, probably faster than the Federal budget. And the net result on the 8½ to 12 million small business firms in America is that they are drowning in a sea of red ink imposed by a mountain of redtape. The cost to small firms to comply with mandatory Federal paperwork is but one part of this problem. More importantly, the small entrepreneur feels that his government has no faith or trust in him.

During our field hearings in May of 1972, a Chicago businessman stated:

That the tone of the forms, the information that is requested does very definitely indicate that the government has a deep and abiding distrust of citizens generally and businessmen in particular. Understandably, he considers this attitude an unfair burden to impose on the businessman.

Even those individuals who derive a financial advantage from Federal paperwork question the necessity of the multitude of government forms. An account in Boston expressed the consensus of many of these professionals by stating:

I am an accountant—I want to work as an accountant—I want to service my clients, but I don't want to go down and fill out the Commerce Department reports—I don't want to charge my client for time which is a waste. . . . I think most of these government reports are a waste, especially for small companies.

Mr. President, admittedly this report itself is lengthy but we believe responsive to the massive size of the paperwork problem and our in-depth examination of it by our hearings. The report and the investigatory work detail the size and scope of the problem from the standpoint of the small businessman and its impact on his economic viability. It also examines into the causes of this paper crisis, which I have denominated "Federal form pollution."

One major finding is that the Federal Reports Act of 1942, the Government's primary "paperwork controls law," is largely ineffective. We believe this is due to lack of effective enforcement and application by the White House Office of Management and Budget. This Office has complete responsibility for administering this law, but it refuses to carry out all of the provisions of the act. The agency

has never held hearings or implemented the collection and consolidation of information-gathering procedures as it is "directed" to do under section 3(b) of the act. OMB officials state that they rely solely on the review procedures outlined in section 5 of the law to fulfill statutory demands. The agency, however, for many reasons, has not successfully met the requirements of section 5.

One reason cited by the report is that top officials at the White House Office of Management and Budget have consistently refused to adequately staff the Statistical Policy Division which reviews forms for clearance. Other congressional committees over the years have repeatedly urged an upgrading of the forms clearance procedure at OMB, but no productive action has been forthcoming. Our committee report thus concludes that it is questionable whether OMB will ever administer the Federal Reports Act so as to effectively control the proliferation of Federal paperwork.

Another major factor contributing to the paperwork-redtape crisis named by the report is that imposed by the Internal Revenue Service which generates approximately 35 percent of all Federal forms. Since IRS is exempt from the Federal Reports Act, no other office can exercise supervision or control over the number or complexity of the forms issued by IRS. Nor is it apparent that the agency's internal review procedures offer restraint. Consequently, the growth of IRS forms has been steady over the years. IRS forms applicable to small businesses have more than doubled in the past 3 years, advancing from 30 forms in 1970 to 64 in 1972.

Because IRS is responsible for such a large portion of Government paperwork, the committee report finds it impossible for the Federal Reports Act to function properly without improved supervision over IRS's contribution to the paperwork burden.

The report makes numerous recommendations which deserve thoughtful consideration by the Congress and others if paperwork is ever, first, to be brought to a realistic and manageable level, second, able to satisfy those needs of the Federal Government which are valid and necessary to the orderly governing of this Nation, and third, not impose unmanageable hardship on American small business.

Major recommendations of the report are:

First, congressional consideration of legislation to remove authority for administration of the Federal Reports Act of 1942 from the Director of the White House Office of Management and Budget and transfer this responsibility to the Comptroller General of the United States;

Second, that legislation be considered to bring the Internal Revenue Service under the authority of the Federal Reports Act;

Third, that legislation be considered to provide technical assistance to small business firms in obtaining, understanding and preparing necessary forms, tax returns, reports, and other documents required by Federal law.

Obviously, we know that legislation alone cannot provide the sole answer to the Federal paperwork problem. The committee report calls for a sustained effort by all branches of government to control the growth of Federal paperwork.

Likewise, the report makes numerous specific suggestions to control specific paperwork problems with respect to those Federal agencies examined by these hearings.

Mr. President, I commend this report to all Senators and urge that all of us remain mindful of this problem as we fulfill our senatorial responsibilities by examining the information needs of the various agencies coming within our purview and thereby assist in reducing excessive Federal paperwork, imposed by these agencies.

In conclusion, Mr. President, I ask unanimous consent that a synopsis of the report's findings and the committee recommendations be printed in the Record at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

FINDINGS

The following items present a synopsis of the specific findings of your committee:

(1) The phenomenal growth rate of the Federal reporting system and the paperwork it generates is creating dissatisfaction with Government by the small business community.

(2) The Federal Reports Act of 1942 is ineffective in controlling the proliferation of Federal paperwork due to lack of authority over IRS and the inept administration of the Act by OMB.

(3) OMB has demonstrated little initiative in reducing Federal reporting requirements. It has never held hearings under Section 3(b), relying solely on Section 5, the clearance procedure authority, to fulfill all the provisions of the Act. The language of the law does not allow such substitution.

(4) The Statistical Policy Division of OMB is inadequately staffed thereby rendering the clearance procedure virtually meaningless. Repeatedly admonished to upgrade this staff, top officials at OMB have consistently refused to do so.

(5) If the paperwork burden is to be brought under control, Congress must look elsewhere than to OMB for any real and effective improvement.

(6) Witnesses severely criticized IRS as unsympathetic toward small businesses, indicating IRS's loss of credibility among these Americans.

(7) The proliferation of IRS forms, the complexity of the forms and the increased frequency of filing requirements necessitate extensive outside assistance for small businesses which is inconsistent with the American tax system.

(8) The paperwork burden of small businesses is increased by Federal-State duplication of tax reporting. Additional hardship is imposed by the lack of information-sharing between IRS and other Federal agencies.

(9) The forms review procedure at IRS does not reflect the needs of small business. Inclusion under a strengthened Federal Reports Act would allow more productive outside review of IRS forms.

(10) The Social Security Administration's determination to maintain the quarterly wage reporting system is imposing an undue hardship on small business. The social security system would not be adversely affected by the abandonment of the quarterly Form 941A and the institution of an annual reporting system.

(11) With respect to its paperwork and record-keeping requirements, the Occupational Safety and Health Act has created confusion and distress among small businessmen. The Department of Labor should reexamine the record-keeping and inspection procedures of OSHA so that the intent of the legislation is carried out with minimal burden to small business.

(12) Congress must also face its responsibility to insure that well-intended legislation does not become ensnared in administrative red tape.

RECOMMENDATIONS

A. Legislation

Based on the information developed in your subcommittee's hearings on the Federal paperwork burden, your committee accordingly recommends the following proposals which require Congressional action:

(1) Legislation be enacted to amend the Legislative Reorganization Act of 1970 to consider the impact of Federal reporting requirements on small business by providing affirmative disclosures in committee reports of paperwork requirements relative to legislation reported for action by a committee of the Senate. Your subcommittee urges support of S. 200, a bill designed to accomplish the legislative goals outlined above.

(2) Statutory authorization be granted by the Congress to remove authority for the administration of the Federal Reports Act of 1942 from the Director of the Office of Management and Budget and that this responsibility be vested in the Comptroller General of the United States, and that Congress consider the advisability of bringing the Internal Revenue Service under the authority of the Federal Reports Act.

(3) Legislation be considered to provide technical assistance to small business firms in obtaining, understanding and preparing the forms, tax returns, reports and other documents required by Federal statute.

B. EXECUTIVE AGENCIES

It is recommended that until such time as the Congress shall make a judgment on the proposed legislative changes to alleviate the burden of Federal paperwork, the Executive agencies should take the following actions:

(1) The Social Security Administration should undertake measures to implement a change in the requirement for filing Form 941-A from a quarterly basis to an annual basis.

(2) The Internal Revenue Service should actively pursue the development of a single annual business report to replace the current system of multiple wage reporting.

(3) All Federal agencies should undertake an immediate review of their reporting procedures in order to reduce as many man-hours of reporting time as possible.

(4) The Office of Management and Budget should increase the staff size of its Statistical Policy Division so that review procedures can be adequately maintained. An investigation into the duplication of information-gathering by Federal agencies should be started immediately with subsequent hearings held as soon as possible in order to comply with the statutory directives of Section 3(b) of the Federal Reports Act. OMB should also require greater proof of need from all Federal agencies applying for clearance of public use forms.

(5) OMB should actively seek the input of small businesses in an advisory capacity on report forms. This process should be implemented in addition to the work of the BACFR now advising OMB.

(6) IRS should increase its assistance to state agencies with the objective of combining many of the present requirements for tax reporting. The duplication of Federal and state unemployment taxes might be eliminated under such a program.

(7) A review of all tax forms should be undertaken in order to reduce duplication of efforts within IRS.

(8) Simplification of IRS tax forms should be undertaken with subsequent simplification of the instructional materials accompanying them.

(9) IRS should expand its Tax Forms Coordinating Committee to include representation from the general public.

(10) A review of the penalties procedures and fines assessment incident to tax form complexities should receive top priority.

(11) A review should be made by IRS of its reports pertaining to pension and profit-sharing plans with the objective of simplification and reduction of duplication.

(12) A program of cooperation between IRS and the Department of Labor should be undertaken to share information on pension and profit-sharing plans, thereby information on pension and profit-sharing plans, thereby reducing the duplication of reporting required for businesses.

(13) The Department of Labor should review OSHA regulatory standards and reporting requirements in order to clarify regulations and to simplify compliance procedures incident to forms and record-keeping.

(14) The Small Business Administration should review its loan application procedures relative to excessive paperwork requirements.

C. OTHER RECOMMENDATIONS

Actions other than legislative, which can be taken by Congress or its designees, are recommended as follows:

(1) Regardless of whether or not Congress grants authority to the General Accounting Office to administer the Federal Reports Act of 1942, amended, the Comptroller General under his existing authority should conduct an examination of the Office of Statistical Policy of OMB and report to the Congress on the efficacy of OMB administration of this act with recommendations where necessary to upgrade OMB activities in this area. Further study and examination should be conducted by GAO during the course of its auditing and examinations of Federal agencies to insure better management practices on the part of such agencies, thereby eliminating unnecessary paperwork and achieving consolidation of reporting systems where possible.

(2) Congress should continue monitoring the efforts of Executive agencies to reduce paperwork. The Congressional committees exercising oversight over specific Executive agencies should, during the course of hearings, question such agencies as to their efforts to reduce paperwork and redtape.

(3) The House and Senate Appropriations Committees should insist upon justification by each agency for that part of their budget which supports paperwork and reporting systems collecting data from the private sector. Where, in the wisdom of these committees, reductions can be achieved in funding for reporting systems without jeopardizing the national interest, they should be made.

COMMITTEE PAPERWORK REPORT

Mr. BIBLE. Mr. President, as chairman of the Small Business Committee, I am pleased to associate myself with the remarks on the Federal paperwork burden made by the distinguished chairman of the Subcommittee on Government Regulation of the Senate Select Committee on Small Business, (Mr. McINTYRE).

Certainly, other Senators receive mail from small businessmen in their States complaining about the growing appetite of the Federal Government for ever more data, information, reporting, record-keeping, and so forth, some duplicative of others to the disgust of the intended